

ASSEMBLY BILL

No. 2791

Introduced by Assembly Member Blakeslee

February 22, 2008

An act to amend Section 2842.4 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2791, as introduced, Blakeslee. Energy: Waste Heat and Carbon Emissions Reduction Act.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law authorizes the PUC to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The existing Waste Heat and Carbon Emissions Reduction Act authorizes the PUC to require an electrical corporation to purchase excess electricity, as defined, from any customer of the electrical corporation that is delivered by a combined heat and power system, as defined, that complies with the sizing, energy efficiency, and air pollution control requirements of the act. The act requires every electrical corporation to file a standard tariff with the PUC for the purchase of excess electricity from an eligible customer-generator, as defined, requires the electrical corporation to make the tariff available to eligible customer-generators within the service territory of the electrical corporation upon request, and authorizes the electrical corporation to make the terms of the tariff available in the form of a standard contract. The existing definition of an eligible customer requires that the customer of an electrical corporation use a combined heat and power system with a generating capacity of not more

than 20 megawatts that is in compliance with the act's requirements and be a nonprofit organization that is exempt from taxation pursuant to a specified provision of federal law.

This bill would define an eligible customer to require that the customer of the electrical corporation use a combined heat and power system with a generating capacity of not more than 20 megawatts that is in compliance with the act's requirements and that the customer either be a nonprofit organization that is exempt from taxation or be a federal, state, or local government facility.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2842.4 of the Public Utilities Code is
2 amended to read:

3 2842.4. (a) The commission shall, for each electrical
4 corporation, establish a pay-as-you-save pilot program for eligible
5 customers.

6 (b) For the purposes of this section, an "eligible customer"
7 means a customer of an electrical corporation that meets the
8 following criteria:

9 (1) The customer uses a combined heat and power system with
10 a generating capacity of not more than 20 megawatts that is in
11 compliance with Section 2843.

12 (2) The customer is ~~a~~ *any of the following*:

13 (A) A nonprofit organization described in Section 501(c) (3) of
14 the Internal Revenue Code (26 U.S.C. Sec. 501(c) (3)), that is
15 exempt from taxation under Section 501(a) of that code (26 U.S.C.
16 Sec. 501(a)).

17 (B) *A federal, state, or local government facility.*

18 (c) The pilot program shall enable an eligible customer to
19 finance all of the upfront costs for the purchase and installation of
20 a combined heat and power system by repaying those costs over
21 time through on-bill financing at the difference between what an
22 eligible customer would have paid for electricity and the actual
23 savings derived for a period of up to 10 years.

24 (d) The commission shall ensure that the reasonable costs of
25 the electrical corporation associated with the pilot program are
26 recovered.

1 (e) All costs of the pay-as-you-save program or financing
2 mechanisms shall be borne solely by the combined heat and power
3 generators that use the program or financing mechanisms, and the
4 commission shall ensure that the costs of the program are not
5 shifted to the other customers or classes of customers of the
6 electrical corporation.

7 (f) Each electric corporation shall make on-bill financing
8 available to eligible customers until the statewide cumulative rated
9 generating capacity from pilot program combined heat and power
10 systems in the service territories of the three largest electrical
11 corporations in the state reaches 100 megawatts. An electrical
12 corporation shall only be required to participate in the pilot program
13 until it meets its proportionate share of the 100-megawatt
14 limitation, based on the percentage of its peak demand to the total
15 statewide peak demand within the service territories of all electrical
16 corporations.